

Who cares?

Affordable Housing

Kentucky Housing Corporation
2001 Annual Report



able

Everyone needs a safe, decent,
affordable place to
call **home**, but...



who cares?

I CARE.



F. Lynn Luallen, Chief Executive Officer

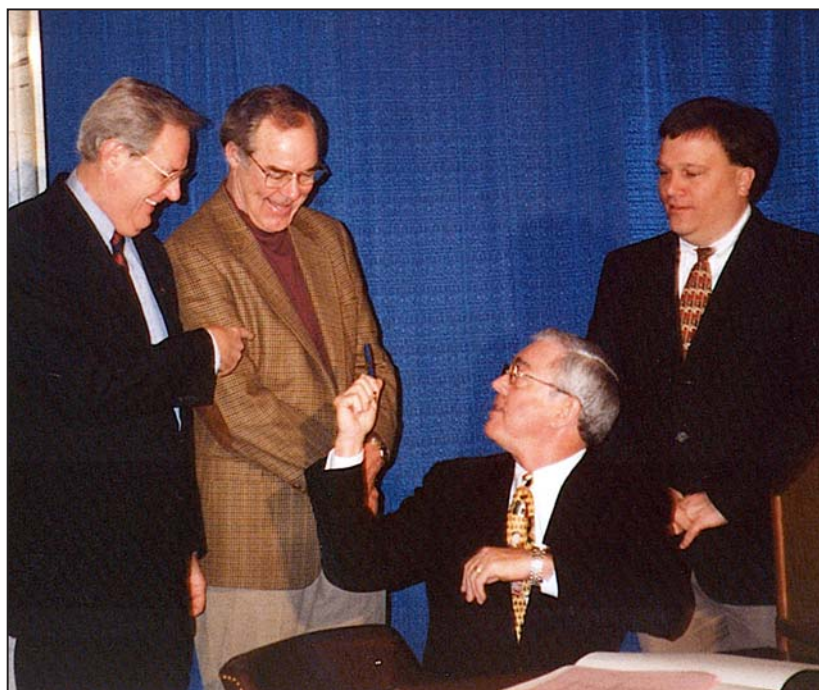
I care because not everyone has sufficient or equal opportunities in life.

Some have higher mountains to climb.

Some cannot climb at all.

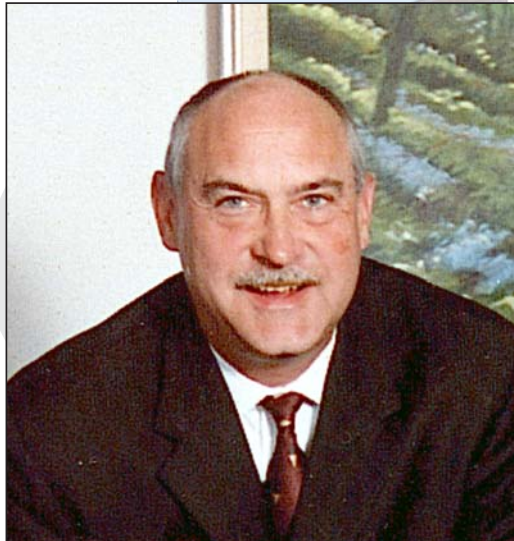


I work closely with Board Chairman James Goldberg (above) and Governor Paul Patton, as well as our federal and state legislators, because they too care about improving the quality of life for all Kentuckians.



WE CARE.

Chief Officers



James R. Ackinson,
Chief Financial Officer



J. Kathryn Peters,
Chief Administrative Officer



Richard L. McQuady,
Chief Program Officer



Sue Lowery,
Chief Information Technology Officer

We care because housing is fundamental and having some Kentuckians without housing or with inadequate housing affects all of us. It's simply our responsibility to help others with such needs.

To be a leader means willingness to risk -
and a willingness to love.
Has the leader given you something from the heart?

Hubert H. Humphrey



We care because having a place to call home
gives a family security and increases a
child's potential,
which helps create a brighter future for
Kentucky.



WE CARE.

Homeownership

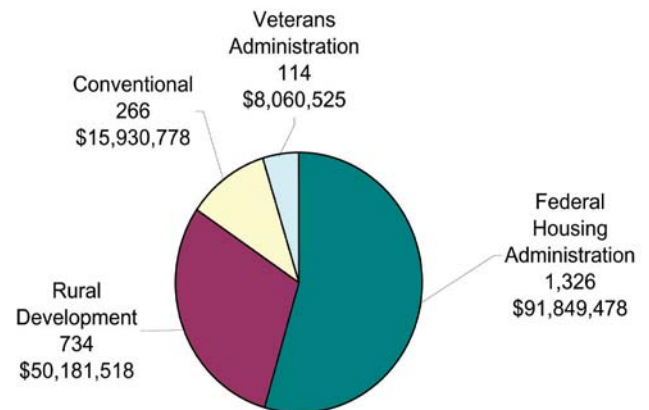


We care because buying a home is a wealth-building investment for our families. It also heightens a family's self-esteem and strengthens our communities.

Home Buyer Profile

Average Purchase Price	\$70,412
Average Income	\$30,075
Average Family Size	2.04
Percent of First-Time Home Buyers	89%

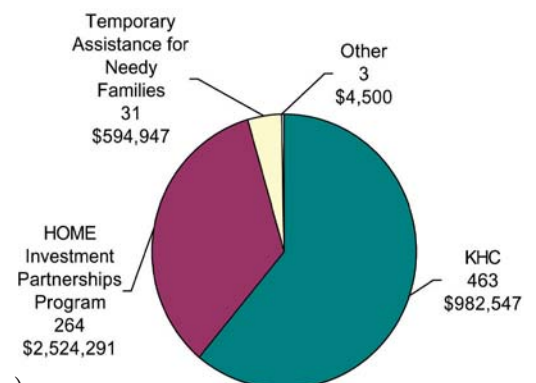
Residential Loans Closed



Homeownership Education and Counseling Programs

Number of Home Buyer Education Classes	86
Number of Home Buyer Education Participants	1,294
Number of Homeownership Counseling Sessions	1,034
Number of Lender/Real Estate Agent Workshops	74 (8 Real Estate Agent, 66 Lender)

Down Payment Assistance Loans Closed



WE CARE.

Rental Assistance



Rental Assistance



Rental Administration

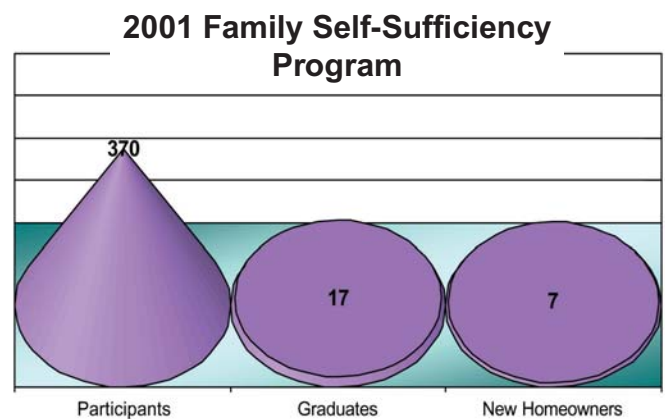
We care because many Kentuckians, including those who are disabled, elderly and single parents, have limited incomes. We don't want them to have to choose between food or medicine and rent.

Section 8 Rental Assistance

Average Tenant Rent	\$ 100 rent, \$161 rent and utilities
Average Assistance Payments	\$ 277
Average Contract Rent	\$ 368
Average Household Income	\$ 7,100
Total Served	4,246

Section 8 Rental Administration

Average Tenant Rent	\$ 125 rent, \$35 utility allowance
Average Assistance Payments	\$ 357
Average Contract Rent	\$ 487
Average Household Income	\$ 7,566
Total Served	20,603



WE CARE.

Rental Production



Rental Housing Production



Housing Credits

We care because we believe families and communities are strengthened when they have quality opportunities and choices. Some areas of Kentucky do not have enough affordable rental housing so we join with local partners to bring to our communities financial resources that create housing options for those who need it most.

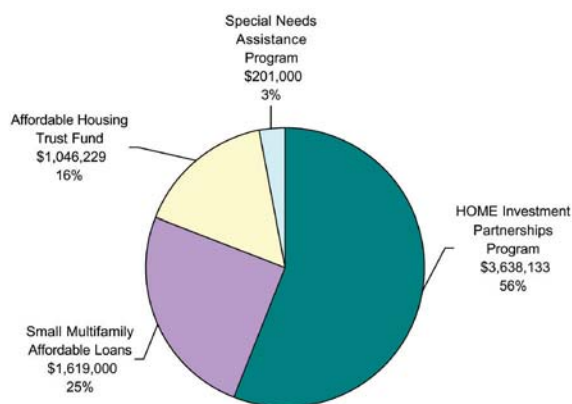
Rental Production Consolidated Funding

Total Dollars of Rental Development Commitments	\$6,504,362
Total Number of Loan Commitments	16
Total Number of Units or Rooms (includes transitional, group home, etc.) Committed	407

Housing Credit Allocations

Total Dollars of Housing Credit 2001 Allocation	\$7,315,473
Total Number of Housing Credit Projects	33
Total Number of Housing Credit Units	1,030

Consolidated Funding Cycle Allocation Sources



WE CARE.

Special Community Services



Community Planning and Development



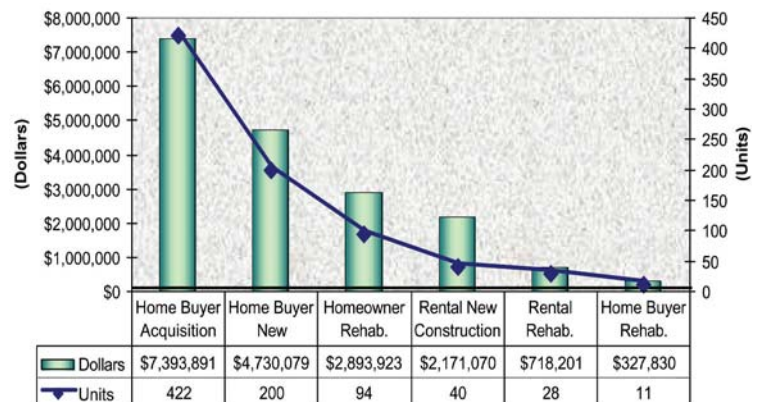
We care because each community has unique housing needs - whether rental, homeownership, rehabilitation or new construction - and often require individual guidance and assistance in meeting those needs.

Through the HOME Investment Partnerships Program and the Nonprofit Housing Production and Repair Program, we partner with housing providers throughout the state to create the type of housing most needed in the communities they serve.

Nonprofit Housing Production and Repair

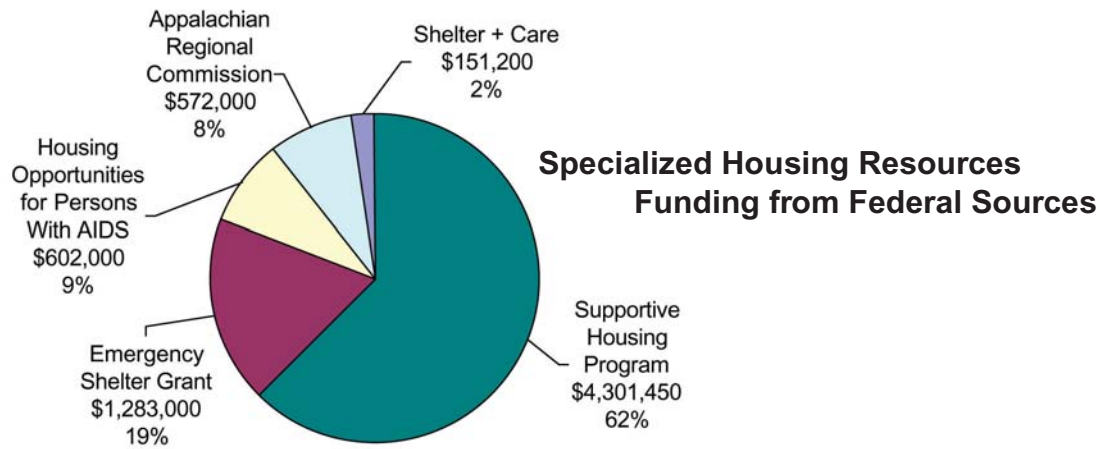
Total Allocations	\$2,500,000
Total Number of Projects	12
Total Number of Units	678

HOME Investment Partnerships Program Allocation by Activity

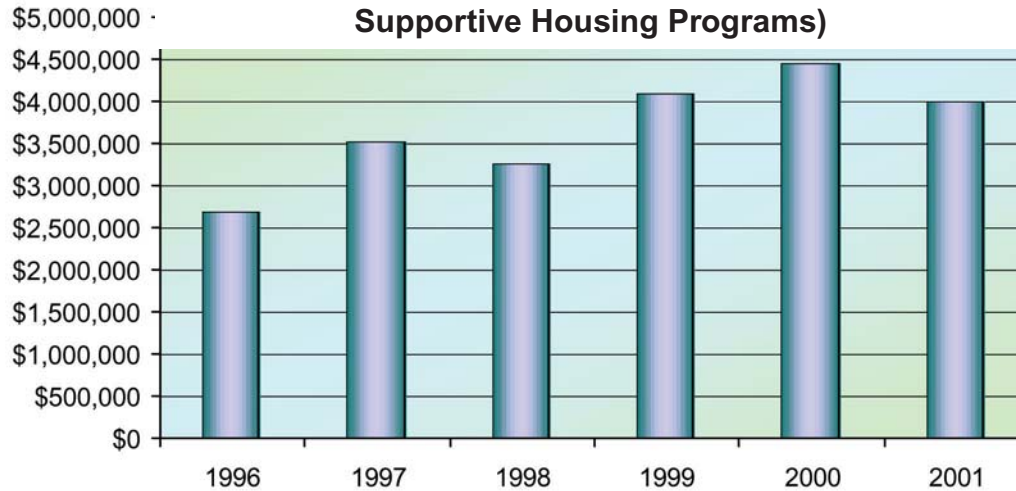


Specialized Housing Resources

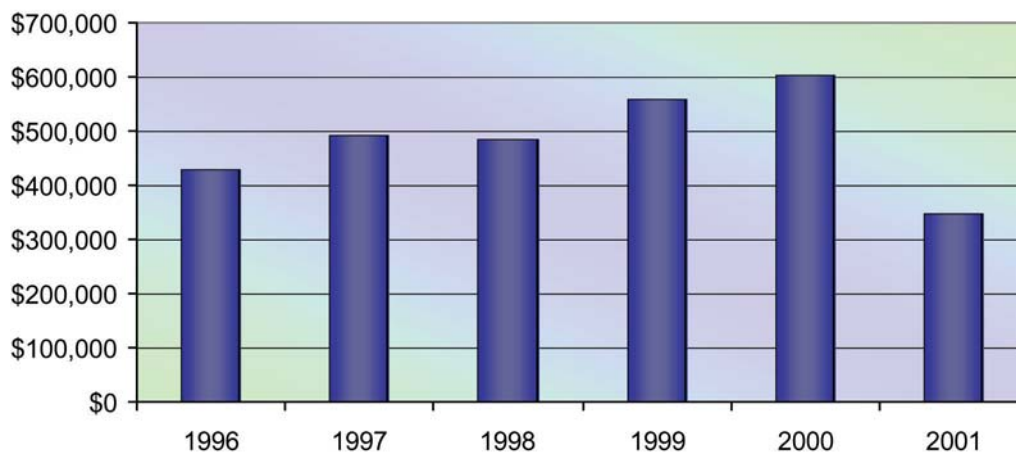
We care because many Kentuckians have special and distinctive housing needs and too often have no suitable housing options. We believe everyone deserves an affordable place to live that suits their needs.



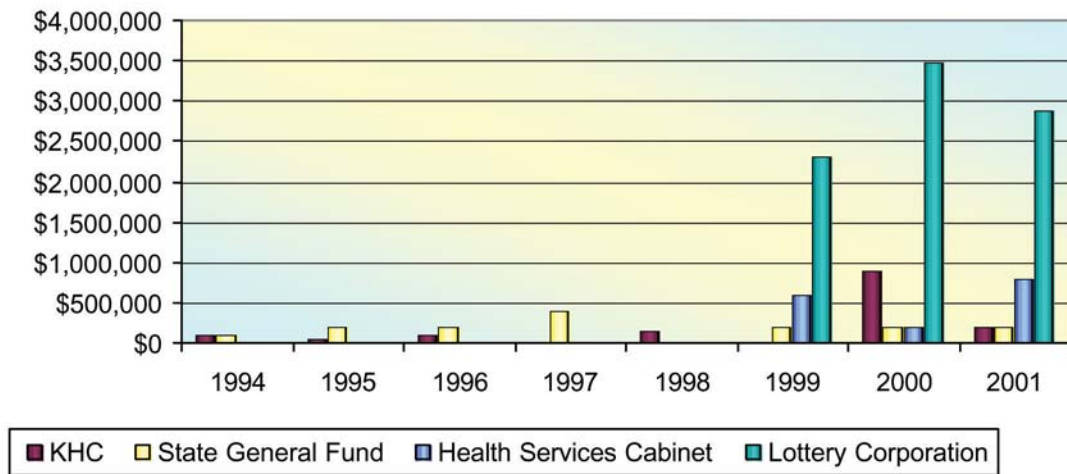
**Continuum of Care
(Section 8 for Single Room Occupancy, Emergency
Shelter Grant, Shelter Plus Care and
Supportive Housing Programs)**



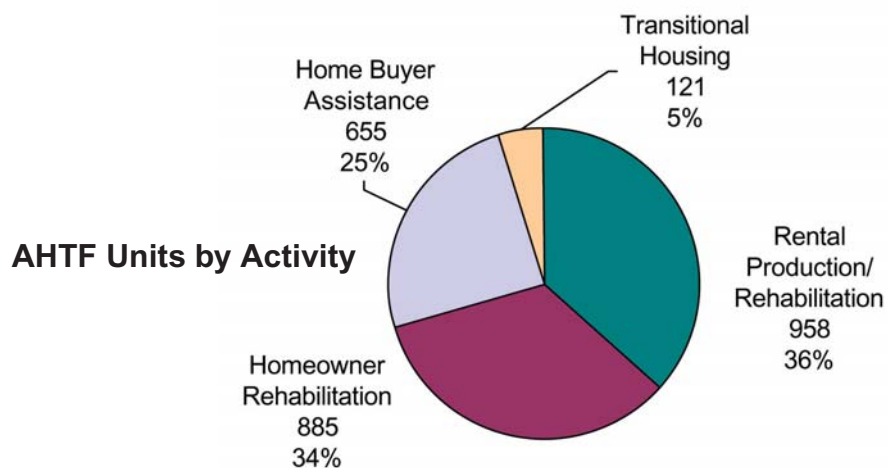
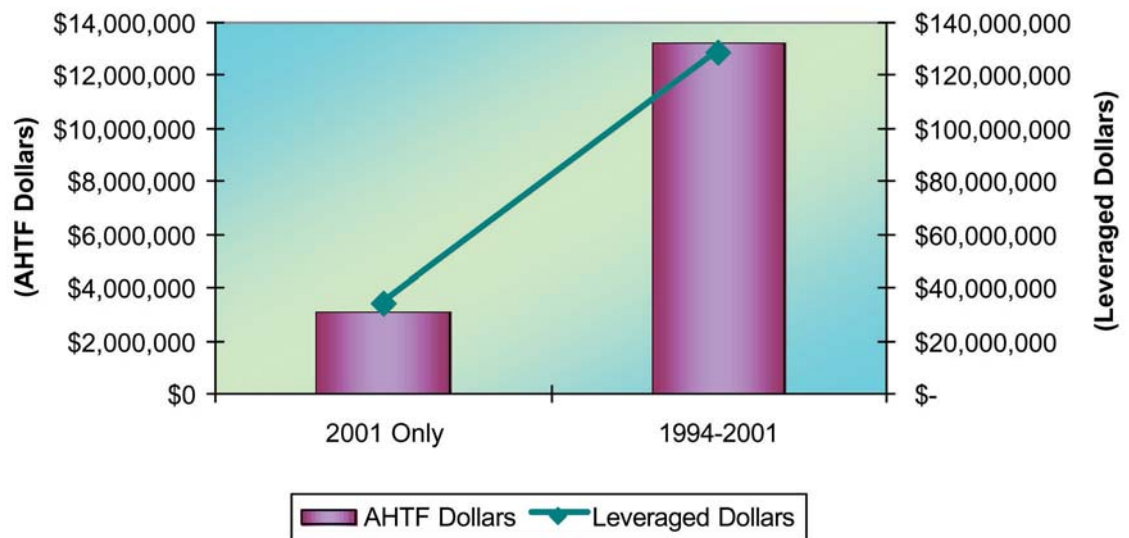
**Housing Opportunities for Persons With AIDS
(HOPWA)**



Affordable Housing Trust Fund Annual Funding Amounts From All Sources



AHTF Funding and Leverage



WE CARE.

Community Outreach

We care because not everyone in the state who needs help in securing a safe, decent place to call home knows who KHC is and how we can help. We create new opportunities for partnerships and expand existing partnerships to reach as many families as possible.



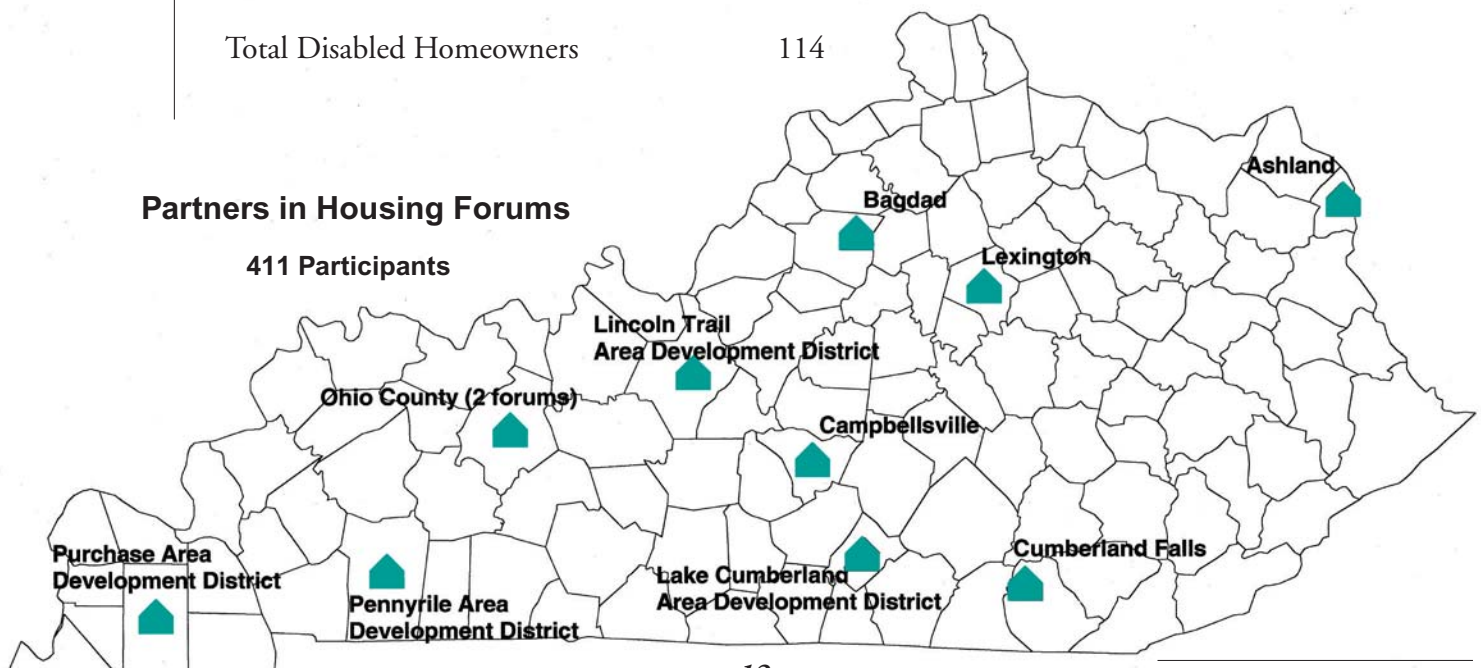
Field Services

Repair Affair

Total Repair Affair Participating Communities	45
Total Allocation	\$ 48,000
Total Matching Funds	\$132,798
Total Houses Repaired	314
Total Number Volunteers	2,548
Total Elderly Homeowners	259
Total Disabled Homeowners	114

Partners in Housing Forums

411 Participants





Appalachian Housing

We care because many families in Kentucky's Appalachian communities face additional challenges in meeting their housing needs. We understand and respect the valued traditions of our Appalachian families and we work alongside them in developing housing opportunities that foster dignity and self-esteem.

HomeStart

This is a new program in partnership with Rural Housing Services (RHS) of the U.S. Department of Agriculture offering low-rate mortgages and forgivable down payment loans to help rural Kentuckians enter homeownership.

Total Number of Eligible Counties out of 120:	97
Total Number of Families Assisted:	210
Total RHS Funds:	\$ 8,717,548
Total KHC HOME Funds:	\$ 2,173,173
Total Funds:	\$10,890,721



Renaissance Kentucky

We care because many of Kentucky's communities wish to recapture the rich heritage of their downtowns and to pass on local traditions and treasures to future generations. We believe that only by preserving and recreating affordable housing, business and retail opportunities - to bring people back downtown - will our community centers again be the heartbeat of our cities.

Renaissance Kentucky Designations as of June 30, 2001

Bronze

13 communities

Silver

50 communities

Gold

9 communities

Seventy-two communities participate in the Renaissance Kentucky program. Each community is placed in one of three tiered categories representing different levels of achievement toward downtown revitalization.

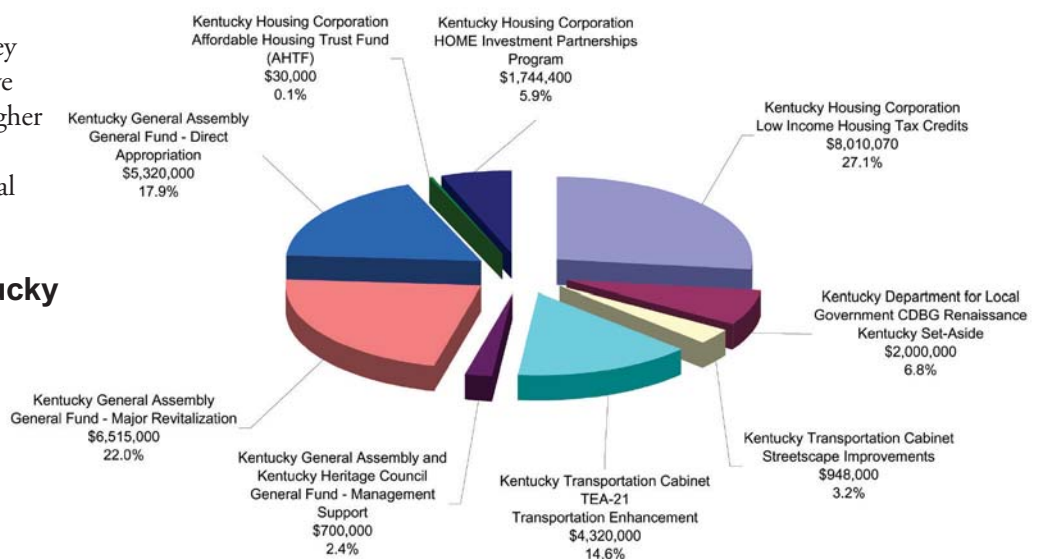
Bronze communities have expressed an interest in downtown revitalization and the community leaders have demonstrated a commitment to downtown revitalization. Bronze communities are clearly at the beginning phase of local revitalization effort.

Silver communities have a local downtown organization with a part- or full-time downtown professional manager, depending on the size of the community. Silver communities have demonstrated local financial support and moderate success with the local program.

Gold communities have a strong downtown organization with strong committee involvement. They have a full-time downtown professional manager, a downtown organizational budget, an articulated vision for their downtown and a revitalization plan. Gold communities have demonstrated local financial support from corporations; citizens; and local, state and federal government.

To encourage communities to continue striving for higher tiers, they receive periodic opportunities to have their designations reassessed - the higher the designation, the more options they receive for funding and technical assistance.

Renaissance Kentucky 2001 Funding



WE CARE.

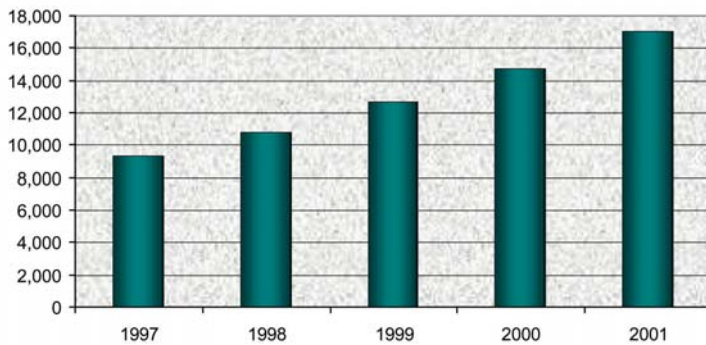
Loan Servicing



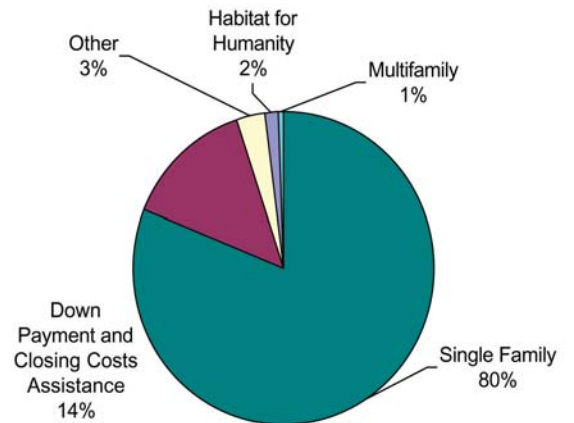
Loan Servicing

We care because each loan we receive for servicing represents a family's financial security and best interest since a mortgage is typically the largest debt most families ever undertake. We want to help our customers understand that it is an important investment in their future and that we are here to help.

Number of Loans Serviced

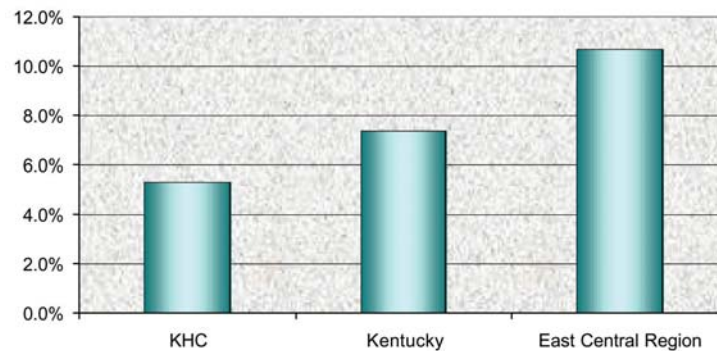


Types of Loans Serviced



Loan Delinquency Rates

(First Quarter 2001 as reported by Mortgage Bankers Association Delinquency Survey)



WE CARE.

Support Services



Accounting; Audit; Chief Executive's Office; Communications; Compliance;
Financial Management; Human Resources; Information Technology; Legal; Operations;
Policy, Planning and Program Development; Program Administration;
Records Management; and Technical Services

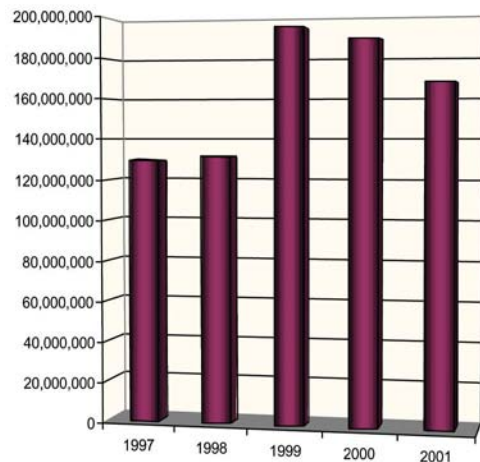
We care because we understand that - much like a house needs a foundation - KHC's program administrators need solid tools, resources and support to meet their challenging goals. We don't just perform a job. We're part of a mission to improve the quality of life for all Kentuckians.

There is no more noble occupation in the world
than to assist another human being - to help someone succeed.

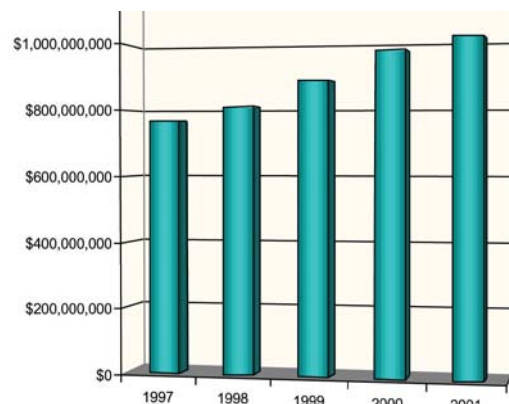
Alan Loy McGinnis

Financial Information

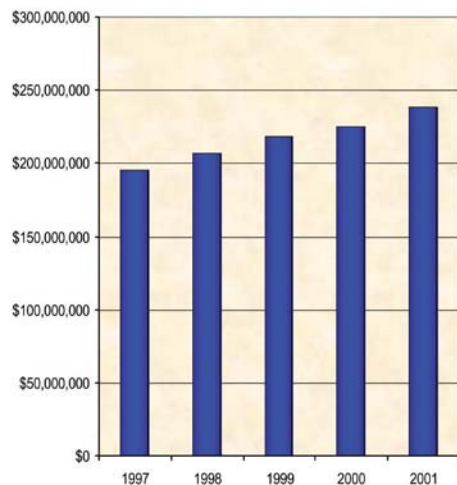
Single-Family and Multifamily Loan Production



Mortgage Portfolio



Retained Earnings

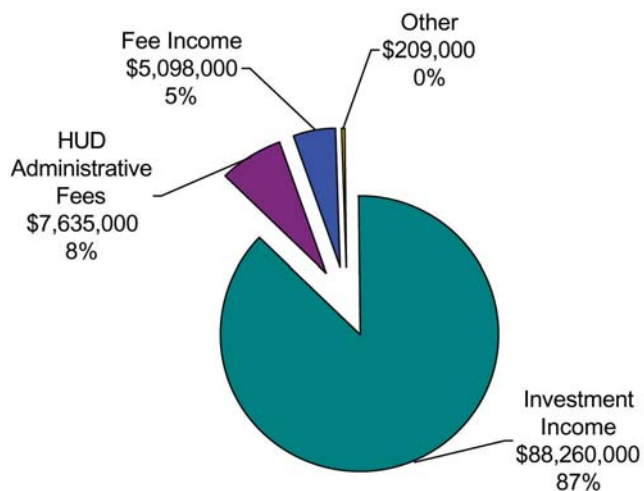


Housing Revenue Bond Ratings:

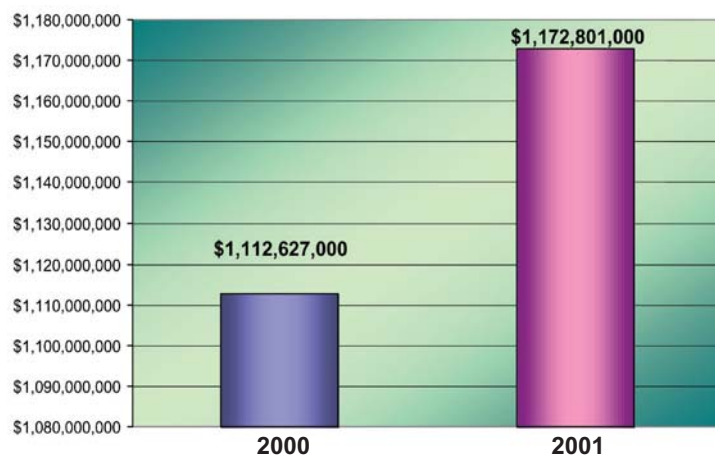
Standard & Poor's - AAA

Moody's Investors Service - Aaa

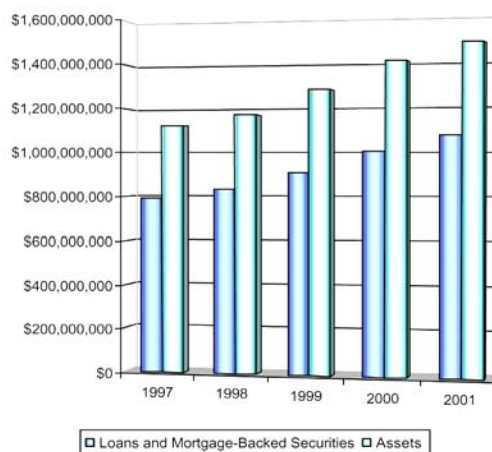
Composition of 2001 Revenues



Bonds Payable



Loans Receivable and Assets



Board of Directors



Ben Chandler
* Attorney General



James F. Fields
** Consumers



T. Kevin Flanery
* Secretary of Finance
and Administrator



James S. Goldberg
** Real Estate
Practitioners



David S. Greenberg
** Home Construction
Industry



Michael N. Harreld
** Financial
Institutions



Dr. Stephen L. Henry
* Lieutenant Governor



Jody Lassiter
* Commissioner of
Department for Local
Government



Sam Lee
** Manufactured
Housing



Dana B. Mayton
* Secretary of
Revenue



Phyllis Pack
** Kentucky State
Building Trades Council



Porter G. Peebles, Sr.
** Homeless



Bob Shore
** Local Government



Marvin E. Strong
* Secretary of
Economic Development

* Ex Officio

** Representative of
designated interest



A Message from Governor Paul E. Patton

One of Kentucky's greatest resources is its wealth of caring people. As reflected in this annual report, Kentucky Housing Corporation employees are no exception. Their sense of commitment to the Corporation's mission of creating affordable housing opportunities is highly regarded by housing finance agencies across the country.

Throughout its 29-year history, Kentucky Housing Corporation has always responded to the state's housing needs. The Corporation's employees have stood steadfast when other resources have been scarce.

This caring organization is respected by the Commonwealth of Kentucky and the many people and partners it serves. We are honored to congratulate Kentucky Housing Corporation for another year of caring and serving Kentuckians with housing needs.



A Message from James S. Goldberg, Board of Directors Chairman

I have been honored to serve as chairman of the Kentucky Housing Corporation Board of Directors since 1998 and as a Board member for several years prior. Kentucky Housing Corporation's management and staff eagerly accept challenges and consistently strike a responsible balance between financial stewardship and meeting the state's housing needs.

It's been my good fortune to have the opportunity to serve with so many caring people who have a common commitment, a mutual urgency and a shared compassion in carrying out their mission.

Kentucky Housing Corporation's Financial Partners

Managing Underwriter

Merrill Lynch & Co.

Bond Counsel

Kutak Rock

Underwriter's Counsel

Peck Shaffer and Williams

Agency Financial Advisor

Office of Financial Management,
Finance and Administration Cabinet

Trustee

Chase Manhattan Trust Company, NA

Cash Flow Consultants

Cfx

Auditor

PricewaterhouseCoopers

Rating Agencies

Moody's Investors Service and
Standard & Poor's Ratings Group

For additional copies of Kentucky Housing Corporation's
2001 Annual Financial Statements, please call Paula Johnson at
(502) 564-7630, extension 273, or
e-mail pjohnson@kyhousing.org

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The Kentucky Housing Corporation 2001 Annual Report is also available at
www.kyhousing.org

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Jane McCord, Writer
Charla Jackson Peter, Designer/Photographer
Joseph McGrath, Photographer
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